

PART 2000 - GENERAL

SUBPART V - MEMORANDUM OF COOPERATION BETWEEN THE FEDERAL RAILROAD
ADMINISTRATION AND THE FARMERS HOME ADMINISTRATION

§2000.1051 General.

The Farmers Home Administration (FmHA) has entered into a Memorandum of Cooperation with the Federal Railroad Administration (FRA). The memorandum provides for an exchange of program information and the establishment of liaison and an atmosphere of cooperation with the appropriate State Government person and each State Director. The Memorandum is attached as Exhibit A.

§2000.1052 Handling loan applications.

Loan applications for railroad facilities are to be processed for essential community facilities in accordance with RD Instruction 1942-A, or for private entrepreneurs in accordance with RD Instruction 1980-E.

§2000.1053 State supplements. State Directors may issue State supplements to the extent necessary to properly implement the policies of this Memorandum.

§2000.1053 - 2000.1100 [Reserved]

Attachment: Exhibit A

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Distribution: W, S, D, C

Administration
General

Office of the Secretary of Transportation
Washington, D.C. 20590

Rural Transportation Facilities
Memorandum of Cooperation

The Administrator, Farmers Home Administration (FmHA), and the Administrator, Federal Railroad Administration (FRA), make this agreement to cooperate in assisting rural areas of the United States to continue reliable railroad and rail shipper transportation facilities. This agreement is made pursuant to the November 2, 1978, Joint Policy Statement on railroad rehabilitation in rural areas signed by the Assistant Secretary for Budget and Programs (USDOT) and the Assistant Secretary for Rural Development (USDA).

FmHA may, through authorities contained in the Consolidated Farm and Rural Development Act of 1972, provide loan and/or grant assistance to eligible applicants to assist in construction of viable transportation facilities, including railroad branch lines and rail shipper facilities.

FRA may, through authorities contained in Section 5 of the Department of Transportation Act of 1966, as amended, provide grant assistance to States to plan and implement projects designed to:

- o Rehabilitate, through grants or loans to railroads, preabandoned lines carrying three million gross ton miles of traffic or less per mile annually.
- o Provide alternative transportation facilities and services; for example, team tracks for use by shippers.
- o Assist in maintaining service on branch lines which have been abandoned.

Therefore, FmHA and FRA agree to cooperate in every manner possible to provide financial and technical assistance available from FmHA or FRA through their respective programs to qualified applicants for transportation assistance.

The Administrator, FmHA, will notify State Directors that transportation projects are to be included in the public service facility category and given appropriate priority. The Administrator, FmHA, will emphasize to FmHA's State Directors the need to inform likely applicants of the eligibility of transportation related activities in rural development efforts. FmHA expects to provide an increased level of loan activity

for railroad rehabilitation and rail shipper facility projects during Fiscal Year 1979 and subsequent years. The State Directors of FmHA will give prompt attention and replies to inquiries and applications for assistance under this agreement.

FRA will continue to encourage State Rail Agencies to select rehabilitation and alternative service projects that both meet the transportation needs of shippers in rural communities in a cost-effective manner and further the goals of restructuring the national rail system. Pursuant to the 1978 Local Rail Service Assistance Act, FRA will also require State consideration of the economic costs and benefits to local communities of rail service improvement as part of the State rail planning process.

FRA shall provide the Administrator, FmHA, with informational materials concerning its program procedures and objectives, annual allocation of funds memoranda, and lists of key State people administering the program for distribution to appropriate FmHA field personnel. FRA will also provide FmHA with assistance in the technical and financial review of an application for FmHA loan assistance for a rail project.

FRA will notify FmHA of appropriate regional training sessions of meetings designed to inform State and local officials of the requirements of the State Rail Assistance Program. FmHA will notify FRA and appropriate State government officials of training sessions designed to provide information on the Community Facility and Business and Industrial Loan Programs.

FmHA State Directors or their designees shall contact the appropriate State government person and establish liaison and an atmosphere of cooperation which can be drawn upon when either FmHA or the State receives application(s) or notice(s) of activity on project(s) where either FmHA or the State may benefit from the expertise of the other. In this connection, FmHA shall seek written comments on all rail rehabilitation loan applications from the State agency responsible for State rail planning. FRA will request that States provide notices of public hearings on rail projects to the appropriate FmHA State official.

The Department of Agriculture and the Department of Transportation will establish a task force to monitor the implementation of this agreement and to assess the success of FmHA and FRA cooperation on rural transportation assistance. That assessment will be accomplished one year after the signing of this agreement.

This Memorandum of Cooperation will remain effective until either FmHA or FRA provided written notification that the Memorandum is no longer effective.

Requests for modifications or amendments to the Memorandum may be initiated by either FmHA or FRA. Such modifications or amendments will only be effective upon mutual agreement by both parties.

This Memorandum of Cooperation shall become effective immediately on the date it is signed by the Administrator, FmHA, and the Administrator, FRA.

/s/ Gordon Cavanaugh

Gordon Cavanaugh
Administrator
Farmers Home Administration

1/10/79

Date

/s/ John M. Sullivan

John M. Sullivan
Administrator
Federal Railroad

2/11/79

Date

/s/ Mortimer L. Downey

Mortimer L. Downey
Assistant Secretary for
Budget and Programs
Department of Transportation

Date: 2/2/79

/s/ Alex P. Mercure

Alex P. Mercure
Assistant Secretary for Rural
Development
Department of Agriculture

Date: 2/2/79

Cooperation on Railroad Rehabilitation in Rural Areas

Continued, reliable and efficient rail service is of key importance to local economies in many rural areas. The physical deterioration of railroad facilities on light density lines in rural areas has often led to poor service and the threat of eventual service cessation. While we believe technological innovations and the expanded infrastructure of other modes of transportation have made many railroad branchlines obsolete, some branchlines could become economically viable if they were rehabilitated.

In recognition of the importance of rail service, we believe that the Federal Government should provide financial assistance for railroad rehabilitation when the public benefits of those rehabilitations exceed their costs and when capital shortages in the rail industry prevent private investment. We agree to take full advantage of the significant modifications of the Federal Railroad Administration's (FRA) Local Rail Service Continuation Program provided by the Local Rail Service Assistance Act of 1978. We will supplement this program by providing additional assistance through the FmHA's Community Facilities and Business Loans Program. This will enable our two Departments to provide financial assistance for the rehabilitation of marginal but potentially viable branchlines.

To supplement the branchline rehabilitation assistance available from the Federal Railroad Administration, the Farmers Home Administration will now recognize railroad branchline rehabilitation as an eligible project purpose under its Community Facilities Loan Assistance and Business and Industry Loan Programs. FmHA's programs provide loans for projects benefiting rural areas. FmHA will inform eligible applicants of this new flexibility in its loan program and give high priority to requests for railroad rehabilitation loan assistance.

Finally, FRA of DOT and FmHA of USDA will shortly prepare a memorandum of understanding that details these areas of program coordination and states each agency's railroad branchline assistance goals. In addition, both departments will develop a mutually supporting plan to provide technical assistance to states and local recipients participating in this endeavor. The combined efforts of these two agencies, in conjunction with the states and local recipients, should lead to improved rail service and healthier local economies in rural areas.

/s/ Mortimer L. Downey

Mortimer L. Downey
Assistant Secretary for Budget & Programs
Department of Transportation

/s/ Alex P. Mecure

Alex P. Mercure
Assistant Secretary for
Rural Dev.
Department of Agriculture

DATED: Nov. 2, 1978